

**MINUTES OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT
BOARD OF THE
CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE
Wednesday, January 12, 2011**

The meeting of the Board of Directors of the Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (IDB) was held at Memphis City Hall, 125 North Main Street, City Council Conference Room, 5th Floor, Wednesday, January 12, 2011, commencing at 3:30 p.m.

Members Present:

Mark Yates
Clifford Stockton
Dick Leike
William Gillon
Davida Cruthird

Staff Present:

Charles Gulotta
Jackie Tompkins
Jerry Brack
Bobbie Golden
Joann Massey

Members Absent:

Jill Iglehart
Wallace Jenkins
Mary Singer

Also Present: Shelby County Mayor Mark Luttrell, and Memphis City Mayor A C Wharton; Elizabeth Keough, of the Martin Tate law firm; Jim Crone and George W. Foster Jr. of Trane; Larry Johnson and Matt Odom of PSI; Sharon Younger of Younger Associates; Don Holm of the Farris Bobango law firm; Lodie Biggs, Adam Flock and Carla Johnson and Michael Chance of Baker Donelson; Mark Herbison, Susan Maynor, Amy Daniels of the Greater Memphis Chamber of Commerce; Doris Gordon of MMBC; Arlender Jones of The Business Resource Group; Jack Payne, Jr. of the Memphis City Attorney's Office; Rick Copeland of the Division of Planning and Development; Maura Sullivan, Deputy Memphis CAO, Kelly Rayne, Shelby County Attorney, George Little CAO, City of Memphis, Harvey Kennedy, CEO, Shelby County, Memphis Mayor's Office, Mark Beutelschies, IDB Board Counsel; Mike Sheffield of the Memphis Business Journal; Sarah Baker of the Memphis Daily News; Amos Maki and Wayne Risher of The Commercial Appeal

Upon determination of a quorum, in the absence of IDB Chair Jill Iglehart, the meeting was called to order by IDB Vice Chairman Mark Yates and declared open to the public at 3:30 p.m.

The first item to come before the Board was application of Electrolux Home Products, Inc. as presented by the Shelby County Mayor Mark H. Luttrell, Jr. and City of Memphis Mayor A C Wharton.

Mayor Wharton read a letter from Electrolux officials for the record. The letter is attached hereto and incorporated herein.

The application was presented and reviewed by Charles Gulotta, Office of Economic Development and Mark Herbison, Greater Memphis Chamber of Commerce. Due to weather related travel difficulties, the following Electrolux official local representatives participated by phone: Jacob Burroughs, Tom Vining, from Electrolux and Jeremy Godwin and Billy Moore attorneys from Moore & Van Allen.

Mayor Luttrell outlined the positive benefits which Electrolux will bring the community and the positive efforts among many stakeholders to bring the project to the community.

Mayor Wharton introduced the Electrolux officials who were participating by telephone. He then looked back to 2010 to see the loss of major employers in Shelby County. He indicated that this project will be a

foundation to signal the change for improved growth in Memphis, Tennessee. The project also signals an improved partnership with the State of Tennessee to attract industry to the area. This project is focused on bringing jobs to everyone. The city and county plan to work in partnership with Electrolux to assure that there is include significant minority participating in the community.

Jacob Burroughs discussed the decision process in locating in Memphis. He also discussed the ability to make the site a hub for additional suppliers similar to other Electrolux facilities. Mark Herbison explained the site for the 700,000 square foot facility. It is anticipated that the facility will be a LEED facility. No additional PILOT benefit will be sought for the LEED designation.

Mr. Gulotta gave the following overview of the PILOT request:

Staff recommendation is for a fifteen year PILOT.

Key parameters of the deal would be the creation of 1,240 jobs by Electrolux. The average wage for the Electrolux employees will be \$30,472 without benefits.

Real Property improvements by Electrolux and public sources will total \$69,000,000. Personal property improvements by Electrolux and public sources will total \$126,000,000. Total project improvements will total \$195,000,000.

The County of Shelby and City of Memphis would expend approximately \$40,000,000 in infrastructure improvements to benefit the company. The State of Tennessee will expend at least \$97,000,000 in project improvements.

The project will be located in Pidgeon Industrial Park, City of Memphis.

The total taxes foregone for the term of the PILOT are \$38,774,357.

Total tax revenues received during the PILOT term are \$106,979,102.

The benefit\cost ratio is 1.06:1

After a brief discussion by the Board, William Gillon made a recommendation in the form of a motion to approve Electrolux's request for a fifteen (15) year PILOT pursuant to the following terms.

****All capitalized terms used herein shall have the meaning set forth in the Site Agreement unless otherwise specified.**

- The Board hereby approves and ratifies, in its entirety, that certain Site Location and Development Agreement dated as of December 15, 2010, by and between the Board, the City of Memphis, the County of Shelby, the State of Tennessee and the Company (the "Site Agreement").

- The Board hereby waives its normal ordering rules and regulations for the PILOT approval process with respect to the PILOT Application submitted by the Company on January 11, 2011 (the "PILOT Application").

- The Board hereby determines that the matrix and cost/benefit ratio shall not be used with respect to scoring the Project due to the number of jobs and capital investment set forth in the PILOT Application.

- For purposes of this Project only, the Board hereby modifies any of its policies and procedures that are inconsistent with or in conflict with the Site Agreement and/or PILOT Application.

- Pursuant to the PILOT Application and Section 4.2 of the Site Agreement, the Board hereby grants a fifteen (15) year payment-in-lieu-of-tax ("PILOT") incentive to the Company with respect to both the real and personal property with the following special approval conditions:

- (a) an extension through thirty (30) days post closing of the initial real property PILOT lease agreement for the Company to deliver the Phase I requirements that are otherwise due at closing, provided, the Company will continue to have the affirmative obligation to provide the Board a Phase I of all real property subject to the Project; and

- (b) the Company shall have the option to use a corporate subsidiary or related entity as lessee or otherwise under any real and personal property PILOT lease agreements, provided that the Company shall remain liable under any such lease as "Applicant" thereunder; and

- (c) the ramp-up period for meeting the jobs, wages and capital investment set forth in the PILOT Application shall continue until the end of the sixtieth (60th) month after the month the Start of Production (as defined in the Site Agreement) (the "Ramp-Up Period"), provided, however, construction on the approximate six hundred forty (640) acre tract shall be commenced no later than one (1) year from the date of the PILOT Application; and

- (d) the cumulative annual lease fee for all real and personal property PILOT lease agreements shall not exceed One Thousand Dollars (\$1,000); and

- (e) the Company may require the conveyance of all or any portion of the Project Site, all real property improvements and all personal property located thereon, for an aggregate conveyance fee not to exceed One Thousand Dollars (\$1,000) no earlier than the time when the approximate six hundred forty (640) acre tract is put into commercial production, as intended in the Site Agreement, and thereafter upon the earlier to occur of (i) a request by the Company for conveyance or (ii) the termination of the respective real and/or personal property PILOT lease agreement; and

- (f) the Company may request, at any time, the conveyance of any unimproved land within the Project Site for an aggregate conveyance fee of One Hundred Dollars (\$100); and

- (g) for purposes of calculating the PILOT payment under any real property PILOT lease agreement, the cumulative land only value of the Project Site (i.e. the approximate six hundred forty (640) acre tract and the approximate one hundred fifty (150) acre tract) shall have an initial value of Eight Million Dollars (\$8,000,000.00) (the "Agreed Value"); and

(h) the Company and Board hereby agree that for purposes of the real property PILOT lease agreement with respect to the approximate one hundred fifty (150) acre tract that the appraised value of the approximate one hundred fifty (150) acre tract is One Million Two Hundred Twenty Six Thousand Two Hundred Thirty Nine Dollars (\$1,226,239.00) as of January 1, 2011.

(i) for purposes of calculating the PILOT payment under any real property PILOT lease agreement (i) the land-only value of the Project Site shall not be subject to reassessment or adjustment except every fourth (4th) year as set forth in **Exhibit "A"**, (ii) each reassessment or adjustment shall not increase the land value of the Project Site greater than ten (10%) over the then-current land value thereof, and (iii) the appraised value of the real property improvements on the Project Site in the first full year such real property improvements are made shall not exceed the actual cost of said real property improvements on the Project Site; and

(j) the real property PILOT lease agreements with respect to the approximate six hundred forty (640) acre tract and the approximate one hundred fifty (150) acre tract shall be effective upon the later of (i) February 1, 2011 or (ii) the date upon which the real property is transferred to the Board subject to the terms and conditions of the Site Agreement; and

(k) any personal property PILOT lease agreement shall be effective upon the conveyance of the tangible personal property to the Board at the request of the Company; and

(l) the annual PILOT payments to the City of Memphis and County of Shelby with respect to any real and personal property PILOT lease agreements shall be in substantial conformity with the tables set forth on **Exhibit "A"**, and incorporated herein by reference, and the Board and Company agree to modify **Exhibit "A"** with respect to the land-only value of the Project Site to the extent any portion of the real property comprising the Project Site is no longer part of the Project; and

(m) due to the unique building process for the construction of the Project and due to the Company's demonstrated commitment to diversity, the PILOT Application shall qualify as the diversity plan for this Project; and

(n) a postponement of the payment of the PILOT Application fee until closing of the first real property PILOT lease agreement; and

(o) the Board and Company agree to provide for the City of Memphis, the County of Shelby and the Memphis and Shelby County Port Commission to have reasonable access across the approximate one hundred fifty (150) acre tract that is part of the Project Site in locations agreed upon by the Company in writing for purposes of accessing the real property and harbor to the west of said approximate one hundred fifty (150) acre tract; and

(p) the Board and Company agree to provide reasonable cooperation with the City of Memphis, the County of Shelby and the Memphis and Shelby County Port Commission on the Project Site, related to additional development activities, it being understood that such cooperation by the Company shall not interfere with its business operations or activities; and

(q) the Board agrees (in collaboration with the City of Memphis and County of Shelby), pursuant to Section 8.3 of the Site Agreement and the PILOT Application, that

restrictive covenants shall be placed on the real property within the Frank Pidgeon Industrial Park (the "Park") prohibiting any other person or entity from locating a facility within the Park which is or may reasonably be expected to become involved in the manufacture and/or distribution of household or industrial appliances to the reasonable satisfaction of the Company; and

(r) The Board and Company agree to take such further reasonable action and to provide reasonable cooperation with the execution of all documentation reasonably necessary to allow for the further development of the Park for its intended purposes by the City of Memphis, County of Shelby, and the Memphis and Shelby County Port Commission, including, but not limited to, declarations, owners' association documents, easements, right-of-ways and other utility easements and dedications, provided that such action and cooperation by the Company shall not interfere with its business operations; and

(s) The Board and Company agree to take such further action and to cooperate with the execution of all documentation reasonably necessary to allow for the further development of the Project Site for its intended purposes by the Company, including, but not limited to, easements, right-of-ways and other utility easements and dedications and specifically including, without limitation, the extension of Paul Lowery Road and any and all utility and other easements necessary for the development of the Project Site.

(t) In carrying out its obligations under the Site Agreement with the Company, and any Project construction agreement entered into with the Company, the Board shall appoint an ad hoc Electrolux Project Subcommittee of the Board comprised of three board members with the responsibility of overseeing the Project to ensure that Project Funds will serve the public purpose of promoting economic and community development in the State. Such subcommittee shall without further action by the Board upon the joint written request of the Mayor of the City of Memphis and the Mayor of the County of Shelby have the authority to:

(i) enter any contracts necessary for the development and construction of the Project pursuant to the Site Agreement, including, but not limited to, a contract with the Company to build the Project Site; and

(ii) retain and compensate any individual or entity as a contractor or consultant to assist the City of Memphis or County of Shelby with the development and construction of the Project; and

(iii) distribute the public funds provided to the Board for the Project; and

(iv) have authority to coordinate with the Public Authorities as named in the Site Agreement in carrying out the Project; and

(v) process the Project Site as a Foreign Trade Zone pursuant to the Site Agreement; and

(vi) process any loss of business payments pursuant to the Site Agreement.

- The Board hereby approves and authorizes the execution of all documents necessary to finalize the transactions described in the Site Agreement and the PILOT Application, including, but not limited to, one or more real property PILOT lease agreements and one or more personal property PILOT lease agreements.

- The Board hereby authorizes itself, its directors, officers, agents, counsel, employees, designees and contractors to take any and all actions and execute any and all documents which are in conformity with the purposes and intents of the Site Agreement and the PILOT Application including, but not limited to, contracts with suppliers, contractors and vendors.

- The Board hereby authorizes and ratifies all acts, whether previously performed or to be performed in the future, of the directors, officers, agents, counsel and employees of the Board which are in conformity with the purposes and intents of the Site Agreement and the PILOT Application and in the furtherance of the execution, delivery and performance of any and all documents necessary or incidental to the accomplishment of the transactions contemplated thereby shall be, and the same hereby are, in all respects approved and confirmed.

The Board's approval further authorizes any officer of the Board to sign any and all documents related to the transaction. Electrolux's project is subject to review and approval of Board Counsel of the following:

- Mayors' Recommendation Letter
- Environmental Phase I Report

The motion to approve the incentive as outlined above and in the Project Resolution and to approve the Project Resolution (attached hereto and incorporated herein by reference) was seconded by Dick Leike and unanimously approved on the affirmative vote of the following Directors:

Clifford Stockton
William Gillon
Mark Yates

Davida Cruthird
Dick Leike

With no further business before the IDB, the meeting was adjourned at 4:30 PM to reconvene at 4:50 p.m.

Secretary

EXHIBIT A

I. The annual PILOT payments to the City of Memphis and County of Shelby with respect to the six hundred forty (640) acre tract that is part of the Project Site shall be as follows, unless otherwise amended by the Board and Company to reflect a reduction in land value of the Project Site to the extent any portion of the real property comprising the Project Site is no longer part of the Project:

TIME PERIOD	PAYMENT IN LIEU OF TAX AMOUNT
<p>From the effective date of the real property PILOT lease agreement with respect to the six hundred forty (640) acre tract through January 31, 2015</p>	<p>(i) As to the PILOT payment in lieu of County taxes:</p> <p>(a) with respect to the land only, one hundred percent (100%) of eighty-one percent (81%)(the percentage interest of the six hundred forty (640) acre tract of the total Project Site) of the tax assessment for land only at the commencement of this real property PILOT lease agreement (such land only having an agreed upon appraised value of \$8,000,000.00 and assessed value of \$3,200,000.00 and 81% of the appraised value of \$8,000,000.00 being \$6,480,000.00 and 81% of the assessed value of \$3,200,000.00 being \$2,592,000.00) <u>times</u> the then current millage rate; <u>plus</u></p> <p>(b) twenty-five percent (25%) of the lesser of (i) the then current tax assessment for each year which would exist if the real property improvements constructed during such year and located on the six hundred forty (640) acre tract were owned by a taxpaying entity or (ii) the then current tax assessment for each year that would exist if the real property improvements constructed during such year and located on the six hundred forty (640) acre tract were owned by a taxpaying entity and their appraised value was equal to their actual cost <u>times</u> the then current millage rate, <u>plus</u></p> <p>(c) twenty-five percent (25%) of the then current tax assessment for each year which would exist if the real property improvements located on the six hundred forty (640) acre tract, other than the real property improvements referenced in (b), above, were owned by a taxpaying entity <u>times</u> the then current millage rate.</p> <p>(ii) As to the PILOT payment-in-lieu of City taxes:</p> <p>(a) with respect to the land only, one hundred percent (100%) of eighty-one percent (81%)(the percentage interest of the six hundred forty (640) acre tract of the total Project Site) of the tax assessment for land only at the commencement of this real property PILOT lease agreement (such land only having an agreed upon appraised value of \$8,000,000.00 and assessed value of \$3,200,000.00 and 81% of the appraised value of \$8,000,000.00 being \$6,480,000.00 and 81% of the assessed value of \$3,200,000.00 being \$2,592,000.00) <u>times</u> the then current millage rate; <u>plus</u></p> <p>(b) ten percent (10%) of the lesser of (i) the then current tax assessment for each year which would exist if the real property improvements constructed during such year and located on the six hundred forty (640) acre tract were owned by a taxpaying entity or (ii) the then current tax assessment for each year that would exist if the real property improvements constructed during such year and located on the six hundred forty (640) acre tract were owned by a taxpaying entity and their appraised value was equal to their actual cost <u>times</u> the then</p>

	<p>current millage rate, <u>plus</u></p> <p>(c) ten percent (10%) of the then current tax assessment for each year which would exist if the real property improvements located on the six hundred forty (640) acre tract, other than the real property improvements referenced in (b), above, were owned by a taxpaying entity <u>times</u> the then current millage rate.</p>
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<p>From February 1, 2015 through January 31, 2019</p>	<p>(i) As to the PILOT payment in lieu of County taxes:</p> <p>(a) with respect to the land only, one hundred percent (100%) of the lesser of (i) the then current tax assessment for the six hundred forty (640) acre tract or (ii) eighty-one percent (81%)(the percentage interest of the six hundred forty (640) acre tract of the total Project Site) of the tax assessment for land only at the commencement of this real property PILOT lease agreement (such land only having an agreed upon appraised value of \$8,000,000.00 and assessed value of \$3,200,000.00 and 81% of the appraised value of \$8,000,000.00 being \$6,480,000.00 and 81% of the assessed value of \$3,200,000.00 being \$2,592,000.00) multiplied by a set factor of 1.1, <u>times</u> the then current millage rate; <u>plus</u></p> <p>(b) twenty-five percent (25%) of the lesser of (i) the then current tax assessment for each year which would exist if the real property improvements constructed during such year and located on the six hundred forty (640) acre tract were owned by a taxpaying entity or (ii) the then current tax assessment for each year that would exist if the real property improvements constructed during such year and located on the six hundred forty (640) acre tract were owned by a taxpaying entity and their appraised value was equal to their actual cost, <u>times</u> the then current millage rate, <u>plus</u></p> <p>(c) twenty-five percent (25%) of the then current tax assessment for each year which would exist if the real property improvements located on the six hundred forty (640) acre tract, other than the real property improvements referenced in (b), above, were owned by a taxpaying entity <u>times</u> the then current millage rate.</p> <p>(ii) As to the PILOT payment-in-lieu of City taxes:</p> <p>(a) With respect to the land only, one hundred percent (100%) of the lesser of (i) the then current tax assessment for the six hundred forty (640) acre tract or (ii) eighty-one percent (81%)(the percentage interest of the six hundred forty (640) acre tract of the total Project Site) of the tax assessment for land only at the commencement of this real property PILOT lease agreement (such land only having an agreed upon appraised value of \$8,000,000.00 and assessed value of \$3,200,000.00 and 81% of the appraised value of \$8,000,000.00 being \$6,480,000.00 and 81% of the assessed value of \$3,200,000.00 being \$2,592,000.00) multiplied by a set factor of 1.1, <u>times</u> the then current millage rate; <u>plus</u></p> <p>(b) ten percent (10%) of the lesser of (i) the then current tax assessment for each year which would exist if the real property improvements constructed during such year and located on the six hundred forty (640) acre tract were owned by a taxpaying entity or (ii) the then current tax assessment for each year that would exist if the real property improvements constructed during such year and located on the six hundred forty (640) acre tract were owned by a taxpaying entity and their appraised value was equal to their actual cost, <u>times</u> the then current millage rate, <u>plus</u></p> <p>(c) ten percent (10%) of the then current tax assessment for each year which would exist if the real property improvements located on the six hundred forty (640) acre tract, other than the real property improvements referenced in (b), above, were owned by a taxpaying entity <u>times</u> the then current millage rate.</p>
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<p>From February 1, 2019 through January 31, 2024</p>	<p>(i) As to the PILOT payment in lieu of County taxes:</p> <p>(a) With respect to the land only, one hundred percent (100%) of the lesser of (i) the then current tax assessment for the land only on the six hundred forty (640) acre tract or (ii) the lowest tax assessment used to calculate the PILOT payment on the six hundred forty (640) acre tract from February 1, 2015 through January 31, 2019, as determined above, multiplied by a set factor of 1.1, <u>times</u> the then current millage rate; <u>plus</u></p> <p>(b) twenty-five percent (25%) of the lesser of (i) the then current tax assessment for each year which would exist if the real property improvements constructed during such year and located on the six hundred forty (640) acre tract were owned by a taxpaying entity or (ii) the then current tax assessment for each year that would exist if the real property improvements constructed during such year and located on the six hundred forty (640) acre tract were owned by a taxpaying entity and their appraised value was equal to their actual cost, <u>times</u> the then current millage rate, <u>plus</u></p> <p>(c) twenty-five percent (25%) of the then current tax assessment for each year which would exist if the real property improvements located on the six hundred forty (640) acre tract, other than the real property improvements referenced in (b), above, were owned by a taxpaying entity <u>times</u> the then current millage rate.</p> <p>(ii) As to the PILOT payment-in-lieu of City taxes:</p> <p>(a) With respect to the land only, one hundred percent (100%) of the lesser of (i) the then current tax assessment for the land only on the six hundred forty (640) acre tract or (ii) the lowest tax assessment used to calculate the PILOT payment on the six hundred forty (640) acre tract from February 1, 2015 through January 31, 2019, as determined above, multiplied by a set factor of 1.1, <u>times</u> the then current millage rate; <u>plus</u></p> <p>(b) ten percent (10%) of the lesser of (i) the then current tax assessment for each year which would exist if the real property improvements constructed during such year and located on the six hundred forty (640) acre tract were owned by a taxpaying entity or (ii) the then current tax assessment for each year that would exist if the real property improvements constructed during such year and located on the six hundred forty (640) acre tract were owned by a taxpaying entity and their appraised value was equal to their actual cost, <u>times</u> the then current millage rate, <u>plus</u></p> <p>(c) ten percent (10%) of the then current tax assessment for each year which would exist if the real property improvements located on the six hundred forty (640) acre tract, other than the real property improvements referenced in (b), above, were owned by a taxpaying entity <u>times</u> the then current millage rate.</p>
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<p>From February 1, 2024 through January 31, 2026</p>	<p>(i) As to the PILOT payment in lieu of County taxes:</p> <p>(a) With respect to the land only, one hundred percent (100%) of the lesser of (i) the then current tax assessment for the land only on the six hundred forty (640) acre tract or (ii) the lowest tax assessment used to calculate the PILOT payment on the six hundred forty (640) acre tract from February 1, 2019 through January 31, 2024, as determined above, multiplied by a set factor of 1.1, <u>times</u> the then current millage rate; <u>plus</u></p> <p>(b) twenty-five percent (25%) of the lesser of (i) the then current tax assessment for each year which would exist if the real property improvements constructed during such year and located on the six hundred forty (640) acre tract were owned by a taxpaying entity or (ii) the then current tax assessment for each year that would exist if the real property improvements constructed during such year and located on the six hundred forty (640) acre tract were owned by a taxpaying entity and their appraised value was equal to their actual cost, <u>times</u> the then current millage rate, <u>plus</u></p> <p>(c) twenty-five percent (25%) of the then current tax assessment for each year which would exist if the real property improvements located on the six hundred forty (640) acre tract, other than the real property improvements referenced in (b), above, were owned by a taxpaying entity <u>times</u> the then current millage rate.</p> <p>(ii) As to the PILOT payment-in-lieu of City taxes:</p> <p>(a) With respect to the land only, one hundred percent (100%) of the lesser of (i) the then current tax assessment for the land only on the six hundred forty (640) acre tract or (ii) the lowest tax assessment used to calculate the PILOT payment on the six hundred forty (640) acre tract from February 1, 2019 through January 31, 2024, as determined above, multiplied by a set factor of 1.1, <u>times</u> the then current millage rate; <u>plus</u></p> <p>(b) ten percent (10%) of the lesser of (i) the then current tax assessment for each year which would exist if the real property improvements constructed during such year and located on the six hundred forty (640) acre tract were owned by a taxpaying entity or (ii) the then current tax assessment for each year that would exist if the real property improvements constructed during such year and located on the six hundred forty (640) acre tract were owned by a taxpaying entity and their appraised value was equal to their actual cost, <u>times</u> the then current millage rate, <u>plus</u></p> <p>(c) ten percent (10%) of the then current tax assessment for each year which would exist if the real property improvements located on the six hundred forty (640) acre tract, other than the real property improvements referenced in (b), above, were owned by a taxpaying entity <u>times</u> the then current millage rate.</p>
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<p>From February 1, 2026 until termination of the real property PILOT lease agreement and conveyance of the six hundred forty (640) acre tract and real property improvements located thereon to the Company</p>	<p>As to both County and City taxes, the then current tax assessment determined as though the six hundred forty (640) acre tract and the real property improvements on the six hundred forty (640) acre tract were owned by a taxpaying entity, times the then current millage rate plus any additional rent provided in this real property PILOT lease agreement.</p>
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II. The annual PILOT payments to the City of Memphis and County of Shelby with respect to the one hundred fifty (150) acre tract that is part of the Project Site shall be as follows unless otherwise amended by the Board and Company to reflect a reduction in land value of the Project Site to the extent any portion of the real property comprising the Project Site is no longer part of the Project:

From the effective date of the real property lease with respect to the one hundred fifty (150) acre tract through one (1) day prior to the commencement of construction by the Company	As to both County and City taxes, the then current tax assessment determined as though the one hundred fifty (150) acre tract and the real property improvements on the one hundred fifty (150) acre tract were owned by a taxpaying entity, times the then current millage rate plus any additional rent provided in this real property PILOT lease agreement
From the commencement of construction by the Company through one (1) day prior to the fourth (4th) year anniversary of the commencement of construction (the "Fourth Anniversary Date")	<p>(i) As to the PILOT payment in lieu of County taxes:</p> <p>(a) with respect to the land only, one hundred percent (100%) of nineteen percent (19%)(the percentage interest of the one hundred fifty (150) acre tract of the total Project Site) of the tax assessment for land only at the commencement of this real property PILOT lease agreement (such land only having an agreed upon appraised value of \$8,000,000.00 and an assessed value of \$3,200,000.00 and 19% of the appraised value of \$8,000,000.00 being \$1,520,000.00 and 19% of the assessed value of \$3,200,000.00 being \$608,000.00) <u>times</u> the then current millage rate; <u>plus</u></p> <p>(b) twenty-five percent (25%) of the lesser of (i) the then current tax assessment for each year which would exist if the real property improvements constructed during such year and located on the one hundred fifty (150) acre tract were owned by a taxpaying entity or (ii) the then current tax assessment for each year that would exist if the real property improvements constructed during such year and located on the one hundred fifty (150) acre tract were owned by a taxpaying entity and their appraised value was equal to their actual cost, <u>times</u> the then current millage rate, <u>plus</u></p> <p>(c) twenty-five percent (25%) of the then current tax assessment for each year which would exist if the real property improvements located on the one hundred fifty (150) acre tract, other than the real property improvements referenced in (b), above, were owned by a taxpaying entity <u>times</u> the then current millage rate.</p> <p>(ii) As to the PILOT payment-in-lieu of City taxes:</p> <p>(a) with respect to the land only, one hundred percent (100%) of nineteen percent (19%)(the percentage interest of the one hundred fifty (150) acre tract of the total Project Site) of the tax assessment for land only at the commencement of this real property PILOT lease agreement (such land only having an agreed upon appraised value of \$8,000,000.00 and an assessed value of \$3,200,000.00 and 19% of the appraised value of \$8,000,000.00 being \$1,520,000.00 and 19% of the assessed value of \$3,200,000.00 being \$608,000.00) <u>times</u> the then current millage rate; <u>plus</u></p> <p>(b) ten percent (10%) of the lesser of (i) the then current tax assessment for each year which would exist if the real property improvements constructed</p>

	<p>during such year and located on the one hundred fifty (150) acre tract were owned by a taxpaying entity or (ii) the then current tax assessment for each year that would exist if the real property improvements constructed during such year and located on the one hundred fifty (150) acre tract were owned by a taxpaying entity and their appraised value was equal to their actual cost, <u>times</u> the then current millage rate, <u>plus</u></p> <p>(c) ten percent (10%) of the then current tax assessment for each year which would exist if the real property improvements located on the one hundred fifty (150) acre tract, other than the real property improvements referenced in (b), above, were owned by a taxpaying entity <u>times</u> the then current millage rate.</p>
<p>From the Fourth Anniversary Date through one (1) day prior to the fourth (4th) year anniversary of the Fourth Anniversary Date (the "Eighth Anniversary Date")</p>	<p>(i) As to the PILOT payment in lieu of County taxes:</p> <p>(a) with respect to the land only, one hundred percent (100%) of the lesser of (i) the then current tax assessment for the one hundred fifty (150) acre tract or (ii) nineteen percent (19%)(the percentage interest of the one hundred fifty (150) acre tract of the total Project Site) of the tax assessment for land only at the commencement of this real property PILOT lease agreement (such land only having an agreed upon appraised value of \$8,000,000.00 and an assessed value of \$3,200,000.00 and 19% of the appraised value of \$8,000,000.00 being \$1,520,000.00 and 19% of the assessed value of \$3,200,000.00 being \$608,000.00) multiplied by a set factor of 1.1, <u>times</u> the then current millage rate; <u>plus</u></p> <p>(b) twenty-five percent (25%) of the lesser of (i) the then current tax assessment for each year which would exist if the real property improvements constructed during such year and located on the one hundred fifty (150) acre tract were owned by a taxpaying entity or (ii) the then current tax assessment for each year that would exist if the real property improvements constructed during such year and located on the one hundred fifty (150) acre tract were owned by a taxpaying entity and their appraised value was equal to their actual cost, <u>times</u> the then current millage rate, <u>plus</u></p> <p>(c) twenty-five percent (25%) of the then current tax assessment for each year which would exist if the real property improvements located on the one hundred fifty (150) acre tract, other than the real property improvements referenced in (b), above, were owned by a taxpaying entity <u>times</u> the then current millage rate.</p> <p>(ii) As to the PILOT payment-in-lieu of City taxes:</p> <p>(a) with respect to the land only, one hundred percent (100%) of the lesser of (i) the then current tax assessment for the one hundred fifty (150) acre tract or (ii) nineteen percent (19%)(the percentage interest of the one hundred fifty (150) acre tract of the total Project Site) of the tax assessment for land only at the commencement of this real property PILOT lease agreement (such land only having an agreed upon appraised value of \$8,000,000.00 and an assessed value of \$3,200,000.00 and 19% of the appraised value of \$8,000,000.00 being \$1,520,000.00 and 19% of the assessed value of \$3,200,000.00 being \$608,000.00) multiplied by a set factor of 1.1, <u>times</u> the then current millage rate; <u>plus</u></p> <p>(b) ten percent (10%) of the lesser of (i) the then current tax assessment</p>

	<p>for each year which would exist if the real property improvements constructed during such year and located on the one hundred fifty (150) acre tract were owned by a taxpaying entity or (ii) the then current tax assessment for each year that would exist if the real property improvements constructed during such year and located on the one hundred fifty (150) acre tract were owned by a taxpaying entity and their appraised value was equal to their actual cost, <u>times</u> the then current millage rate, <u>plus</u></p> <p>(c) ten percent (10%) of the then current tax assessment for each year which would exist if the real property improvements located on the one hundred fifty (150) acre tract, other than the real property improvements referenced in (b), above, were owned by a taxpaying entity <u>times</u> the then current millage rate.</p>
<p>From the Eighth Anniversary Date through one (1) day prior to the fourth (4th) year anniversary of the Eighth Anniversary Date (the "Twelfth Anniversary Date")</p>	<p>(i) As to the PILOT payment in lieu of County taxes:</p> <p>(a) With respect to the land only, one hundred percent (100%) of the lesser of (i) the then current tax assessment for the land only on the one hundred fifty (150) acre tract or (ii) the lowest tax assessment used to calculate the PILOT payment on the one hundred fifty (150) acre tract from the Fourth Anniversary Date through one (1) day prior to the fourth (4th) anniversary of the Fourth Anniversary Date, as determined above, multiplied by a set factor of 1.1, <u>times</u> the then current millage rate; <u>plus</u></p> <p>(b) twenty-five percent (25%) of the lesser of (i) the then current tax assessment for each year which would exist if the real property improvements constructed during such year and located on the one hundred fifty (150) acre tract were owned by a taxpaying entity or (ii) the then current tax assessment for each year that would exist if the real property improvements constructed during such year and located on the one hundred fifty (150) acre tract were owned by a taxpaying entity and their appraised value was equal to their actual cost, <u>times</u> the then current millage rate, <u>plus</u></p> <p>(c) twenty-five percent (25%) of the then current tax assessment for each year which would exist if the real property improvements located on the one hundred fifty (150) acre tract, other than the real property improvements referenced in (b), above, were owned by a taxpaying entity <u>times</u> the then current millage rate.</p> <p>(ii) As to the PILOT payment-in-lieu of City taxes:</p> <p>(a) With respect to the land only, one hundred percent (100%) of the lesser of (i) the then current tax assessment for the land only on the one hundred fifty (150) acre tract or (ii) the lowest tax assessment used to calculate the PILOT payment on the one hundred fifty (150) acre tract from the Fourth Anniversary Date through one (1) day prior to the fourth (4th) anniversary of the Fourth Anniversary Date, as determined above, multiplied by a set factor of 1.1, <u>times</u> the then current millage rate; <u>plus</u></p> <p>(b) ten percent (10%) of the lesser of (i) the then current tax assessment for each year which would exist if the real property improvements constructed during such year and located on the one hundred fifty (150) acre tract were owned by a taxpaying entity or (ii) the then current tax assessment for each year that would exist if the real property improvements constructed during such year and located on the one hundred fifty (150) acre tract were owned by a</p>

	<p>taxpaying entity and their appraised value was equal to their actual cost, <u>times</u> the then current millage rate, <u>plus</u></p> <p>(c) ten percent (10%) of the then current tax assessment for each year which would exist if the real property improvements located on the one hundred fifty (150) acre tract, other than the real property improvements referenced in (b), above, were owned by a taxpaying entity <u>times</u> the then current millage rate.</p>
<p>From the Twelfth Anniversary Date through one (1) day prior to the third (3rd) year anniversary of the Twelfth Anniversary Date (the "Fifteenth Anniversary Date")</p>	<p>(i) As to the PILOT payment in lieu of County taxes:</p> <p>(a) With respect to the land only, one hundred percent (100%) of the lesser of (i) the then current tax assessment for the land only on the one hundred fifty (150) acre tract or (ii) the lowest tax assessment used to calculate the PILOT payment on the one hundred fifty (150) acre tract from the Eighth Anniversary Date through one (1) day prior to the fourth (4th) anniversary of the Eighth Anniversary Date, as determined above, multiplied by a set factor of 1.1, <u>times</u> the then current millage rate; <u>plus</u></p> <p>(b) twenty-five percent (25%) of the lesser of (i) the then current tax assessment for each year which would exist if the real property improvements constructed during such year and located on the one hundred fifty (150) acre tract were owned by a taxpaying entity or (ii) the then current tax assessment for each year that would exist if the real property improvements constructed during such year and located on the one hundred fifty (150) acre tract were owned by a taxpaying entity and their appraised value was equal to their actual cost, <u>times</u> the then current millage rate, <u>plus</u></p> <p>(c) twenty-five percent (25%) of the then current tax assessment for each year which would exist if the real property improvements located on the one hundred fifty (150) acre tract, other than the real property improvements referenced in (b), above, were owned by a taxpaying entity <u>times</u> the then current millage rate.</p> <p>(ii) As to the PILOT payment-in-lieu of City taxes:</p> <p>(a) With respect to the land only, one hundred percent (100%) of the lesser of (i) the then current tax assessment for the land only on the one hundred fifty (150) acre tract or (ii) the lowest tax assessment used to calculate the PILOT payment on the one hundred fifty (150) acre tract from the Eighth Anniversary Date through one (1) day prior to the fourth (4th) anniversary of the Eighth Anniversary Date, as determined above, multiplied by a set factor of 1.1, <u>times</u> the then current millage rate; <u>plus</u></p> <p>(b) ten percent (10%) of the lesser of (i) the then current tax assessment for each year which would exist if the real property improvements constructed during such year and located on the one hundred fifty (150) acre tract were owned by a taxpaying entity or (ii) the then current tax assessment for each year that would exist if the real property improvements constructed during such year and located on the one hundred fifty (150) acre tract were owned by a taxpaying entity and their appraised value was equal to their actual cost, <u>times</u> the then current millage rate, <u>plus</u></p> <p>(c) ten percent (10%) of the then current tax assessment for each year which would exist if the real property improvements located on the one hundred fifty (150) acre tract, other than the real property improvements referenced in (b), above, were owned by a taxpaying entity <u>times</u> the then current millage rate.</p>

<p>From the Fifteenth Anniversary Date through the termination of the real property PILOT lease agreement and conveyance of the one hundred fifty (150) acre tract and real property improvements located thereon to the Company</p>	<p>As to both County and City taxes, the then current tax assessment determined as though the one hundred fifty (150) acre tract and the real property improvements on the one hundred fifty (150) acre tract were owned by a taxpaying entity, times the then current millage rate plus any additional rent provided in this real property PILOT lease agreement.</p>
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III. The annual PILOT payments to the City of Memphis and County of Shelby with respect to each personal property PILOT lease agreement shall be as follows:

<p>From the effective date of the respective personal property PILOT lease agreement until fifteen (15) years after said effective date.</p>	<p>(i) As to the PILOT payment in lieu of County taxes:</p> <p>One Hundred Dollars (\$100.00) <u>plus</u> twenty-five percent (25%) of the then current tax assessment for each year which would exist if the personal property were owned by a tax paying entity times the then current millage rate.</p> <p>(ii) As to the PILOT payment-in-lieu of City taxes:</p> <p>One Hundred Dollars (\$100.00) <u>plus</u> ten percent (10%) of the lesser then current tax assessment for each year which would exist if the personal property were owned by a tax paying entity times the then current millage rate.</p>
<p>From fifteen (15) years after the effective date of the respective personal property PILOT lease agreement until termination of the respective personal property PILOT lease agreement and reconveyance of the personal property subject to the respective personal property PILOT lease agreement to the Company</p>	<p>As to both County and City taxes, the then current tax assessment determined as though the personal property were owned by a taxpaying entity, times the then current millage rate plus any additional rent provided in this personal property PILOT lease agreement.</p>